

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

THURSDAY, JUNE 29, 2006

10:02 A.M.

Reported by:
Peter Petty
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Vice Chairperson

James Boyd

John L. Geesman

Jeffrey D. Byron

STAFF and CONSULTANTS PRESENT

B.B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Kevin Kennedy

Susanne Garfield

Daryl Mills

Brenda Sturdivant

Jennifer Williams

Tambu Kisoki

Betty Chrisman

Gary Occhiuzzo

Andrea Gough

Dale Bosley

George Gaborek

Steve Bonta

Dale Chisum

Ken Koyama

Tom MacDonald

Clare Laufenberg-Gallardo

Jason Sterling

STAFF and CONSULTANTS PRESENT

Kate Zocchetti

Tony Goncalves

Payam Narvand

Lynn Marshall

Denny Brown

Mary Dyas

Tim Tutt

Donna Stone

Paul Kramer

PUBLIC ADVISER

Nicholas Bartsch

ALSO PRESENT

Mark Johnson
Golden State Power

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1 P R O C E E D I N G S

2 10:02 a.m.

3 CHAIRPERSON PFANNENSTIEL: Welcome to
4 the Energy Commission business meeting. Please
5 join me in the Pledge of Allegiance.

6 (Whereupon, the Pledge of Allegiance was
7 recited in unison.)

8 CHAIRPERSON PFANNENSTIEL: Before we
9 jump into our rather lengthy agenda today, I'd
10 like to take the opportunity to introduce and
11 welcome our newest Member, Commissioner Jeff Byron
12 just joined us in the last couple weeks. And we
13 are delighted to have him here. He brings a
14 wealth of background, experience, knowledge in
15 many of the areas that he's going to be now
16 working in. So, Jeff, welcome. Do you have any
17 words?

18 COMMISSIONER BYRON: Yes, I do, thank
19 you, Madam Chair.

20 Madam Chairman and fellow Commissioners,
21 and Energy Commission Staff, it's a pleasure and
22 honor to be here and to join you on the Energy
23 Commission.

24 This is my first business meeting and I
25 wanted to start by saying I'm very fortunate to

1 have an excellent senior Advisor. And if I say or
2 do anything right it'll be because of Kevin
3 Kennedy. Thank you, Kevin.

4 I've spent some time walking around and
5 trying to meet as many of the staff as possible.
6 And some of you have noticed that both Kevin and I
7 are a bit follicle-ly challenged. So, before
8 anyone starts referring to us as the baldie-boys,
9 or the chromus-domus-duo, or any other
10 delightfully colorful name, I just want to let
11 everyone know that it doesn't bother us.

12 (Laughter.)

13 COMMISSIONER BYRON: Right, Kevin?
14 Because we know that we're further along in the
15 evolutionary chain than the other Commissioners
16 and their Advisors.

17 (Laughter.)

18 COMMISSIONER BYRON: So, on a more
19 serious note, I've been asked, as a new
20 Commissioner, by a number of folks, what my policy
21 agenda will be. I have no agenda.

22 For the most part I think our energy
23 policy is very clear. The IEPR is an excellent
24 document and really all that I need for direction.
25 So my agenda will be to do the day-to-day work in

1 implementing that policy.

2 I'm very impressed with what I've
3 observed here in the first couple of days, and I
4 look forward to working with an outstanding group
5 of Commissioners and a dedicated staff. I have
6 always thought of the Energy Commission as the
7 keepers of California's energy future. And I look
8 forward to this term of public service and
9 providing my portion of the leadership and
10 oversight and direction that I've been appointed
11 to do.

12 Thank you, Madam Chairman, for this
13 moment of diversion from what looks to be a very
14 full agenda.

15 CHAIRPERSON PFANNENSTIEL: Thank you,
16 Commissioner. We are delighted to have you here.

17 We have one change in the agenda. Item
18 25, the El Centro Unit 3 Repower will be taken up
19 before item 24, Committee assignments.

20 Consent calendar. Do we have a motion
21 for the consent calendar.

22 COMMISSIONER BOYD: Move consent.

23 COMMISSIONER GEESMAN: Second.

24 CHAIRPERSON PFANNENSTIEL: In favor?

25 (Ayes.)

1 CHAIRPERSON PFANNENSTIEL: Item 2,
2 possible approval of contract 150-05-007 for
3 \$100,000 for the California Environmental
4 Protection Agency to provide funds to implement
5 the education and environment initiative by
6 developing and implementing an environmental
7 curriculum with an energy focus. Ms. Garfield.

8 MS. GARFIELD: Thank you, Commissioners.
9 Good morning, Madam Chairman, welcome, new
10 Commissioner.

11 I am please that we have the opportunity
12 to present and participate in environmental and
13 energy education for the state. So this is a
14 project that's very near and dear to our hearts.

15 This project in Pavley Bill AB-1548,
16 which is the education and environment initiative,
17 is the first time environmental curriculum will be
18 mandated by the state and developed within the
19 State Department of Education as part of a state
20 education standards for kindergarten through 12th
21 grades.

22 The Commission funds will support phase
23 four, model curricula development; and will take
24 approximately two years. Although \$100,000 is a
25 small part of a \$35 million project, I am pleased

1 that these funds are leveraged with other
2 government and corporate partners in this
3 endeavor.

4 The Commission will be part of an
5 advisory and review panel. And I'm asking for
6 your approval for this funding, and would be happy
7 to answer any questions at this time.

8 CHAIRPERSON PFANNENSTIEL: Thank you,
9 Susanne. Is there a motion or are there
10 questions?

11 COMMISSIONER GEESMAN: I'll make the
12 motion to approve it.

13 COMMISSIONER BYRON: I second.

14 CHAIRPERSON PFANNENSTIEL: In favor?
15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: Approved.
17 Thank you.

18 MS. GARFIELD: Thank you, Commissioners.

19 CHAIRPERSON PFANNENSTIEL: Item 3,
20 Possible approval of contract 400-06-001 for
21 \$71,102 for the California Conservation Corps for
22 a project liaison in support of the Energy
23 Commission's activities under the Governor's green
24 building initiative. Mr. Mills.

25 MR. MILLS: Good morning, Commissioners.

1 I'm Daryl Mills with the public programs office.

2 We're seeking approval of a contract for
3 \$71,102 in the form of an interagency agreement
4 with the California Conservation Corps.

5 The purpose of the contract is to secure
6 the services of a staff person at the Corps to
7 help with the Energy Commission's activities in
8 the green building initiative.

9 Under the agreement the Commission's
10 contract would cover the benefits of Panama -- the
11 salary and the benefits of Panama Bartholomy who
12 will be working here at the Commission.

13 Executive order S-2004 outlined a number
14 of responsibilities for the Energy Commission, and
15 is placing a fairly large demand on our resources.
16 This contract will provide support to provide that
17 additional resource.

18 The staff requests approval of this
19 interagency agreement with the CCC. The
20 interagency agreement is funded through the ERPA
21 budget.

22 CHAIRPERSON PFANNENSTIEL: Are there
23 questions?

24 COMMISSIONER BOYD: I'd like to move
25 approval of the item and just commend the

1 organization for dealing with the CCC. I've had
2 relationships with them in the past and they've
3 proved to be a very valuable organization in terms
4 of what they do. And I look forward to what they
5 do here.

6 I remember them walking door to door
7 passing out light bulbs during the dark days of
8 the electricity crisis. In any event, I move
9 approval of the item.

10 COMMISSIONER BYRON: Second.

11 CHAIRPERSON PFANNENSTIEL: In favor?

12 (Ayes.)

13 CHAIRPERSON PFANNENSTIEL: Thank you,
14 Mr. Mills.

15 MR. MILLS: Thank you.

16 CHAIRPERSON PFANNENSTIEL: Item 4,
17 possible approval of three awards for \$25,000
18 each, for a total of \$75,000, to complete
19 preconstruction studies in Baja, California,
20 Norte, Mexico. Awards will be given to Princeton
21 Development Corporation, Energy Systems
22 International and the San Diego Regional Energy
23 Office.

24 MS. STURDIVANT: Good morning,
25 Commissioners. My name is Brenda Sturdivant. And

1 we are seeking approval of three funding awards
2 under the International Energy Fund to co-fund
3 energy companies with seed funding for
4 preconstruction studies on foreign energy
5 projects.

6 The Transportation Committee has
7 reviewed and approved this item.

8 COMMISSIONER BOYD: Madam Chair.

9 CHAIRPERSON PFANNENSTIEL: Commissioner.

10 COMMISSIONER BOYD: One, I'm going to
11 move approval of this item because indeed it did
12 come through our Committee. But I notice that
13 items 4, 5, 6 and 7, and I'm not making a motion
14 for all of them, but so I don't have to give the
15 same talk four times, I would just mention they
16 all have to do with international activities of
17 this organization. And we've spent a long time in
18 the past few years kind of reviewing and re-
19 prioritizing some of these activities.

20 Unfortunately, some of them are funded with funds
21 that we receive from others, particularly the
22 federal government.

23 And I see now that what we're doing does
24 reflect the policy discussions we've had in the
25 Integrated Energy Policy Report, and reflect the

1 amount of effort that we've put into the
2 Governor's -- the Board of Governors activities in
3 the energy work table of that Board of Governors
4 operation.

5 Meaning we've got a lot of time spent
6 dealing between the nation-state of California and
7 Mexico. And not only are on the border with Baja,
8 but really working with the other states on a
9 common border between the U.S. and Mexico.

10 So all of these have something to do
11 with some of those activities, or some of those
12 goals and objectives that have been laid out in
13 these other bodies over the past couple of years.

14 And I'm glad to see that some of it is
15 finally materializing into projects. The
16 International Energy Fund, item number 4, is
17 something we've done in the past.

18 And as I say, I will move approval of
19 that item.

20 CHAIRPERSON PFANNENSTIEL: Thank you.
21 Is there a second?

22 COMMISSIONER GEESMAN: Second.

23 CHAIRPERSON PFANNENSTIEL: In favor?
24 (Ayes.)

25 CHAIRPERSON PFANNENSTIEL: Approved.

1 Thank you.

2 MS. STURDIVANT: Thank you.

3 CHAIRPERSON PFANNENSTIEL: Item 5,
4 possible approval of contract 600-05-011 for
5 \$461,253 with KEMA to facilitate meetings with
6 Mexican Government Agencies and complete analysis
7 of energy infrastructure issues, California, Baja,
8 California, Norte Mexico border region. Ms.
9 Williams.

10 MS. WILLIAMS: Thank you, Madam Chair
11 and Commissioners. My name is Jennifer Williams.

12 The task to be undertaken in this
13 proposed contract with KEMA are the results of
14 findings and recommendations that came out of an
15 information-gathering process leading up to the
16 Energy Commission's 2005 Integrated Energy Policy
17 Report.

18 Aside from contract administration there
19 will be four tasks, which I'll briefly summarize.
20 One will be organizing meetings with Mexican
21 government agencies to facilitate working
22 relationships on border energy issues.

23 Another will be evaluating the current
24 and planned energy infrastructure affecting
25 natural gas and electricity delivery into

1 California from Mexico.

2 A third will be to evaluate requirements
3 for introducing a cross-border emissions credit
4 trading program between California and Baja,
5 California Norte.

6 And the fourth will be analyzing
7 transportation options for improving fuel
8 efficiency of cargo traffic moving across the
9 border, and possibly increasing the use of
10 alternative fuels.

11 And one final note is the final products
12 for tasks two through four will be analytically
13 reports with findings and recommendations. And
14 these reports will be completed by April 2007 in
15 time for the 2007 energy report.

16 CHAIRPERSON PFANNENSTIEL: I just want
17 to confirm the dollar figure that we're approving,
18 and that is cited here, 461,000 is for three
19 years?

20 MS. WILLIAMS: Yes.

21 CHAIRPERSON PFANNENSTIEL: Thank you.
22 Are there questions or discussion?

23 COMMISSIONER BYRON: Madam Chair, a
24 comment.

25 CHAIRPERSON PFANNENSTIEL: Yes.

1 COMMISSIONER BYRON: Thank you. I'm
2 really pleased to see that the Energy Commission
3 is involved in this kind of activity with Mexico,
4 cross-border energy issues. So I'm looking
5 forward to seeing the results on this.

6 Again, it's a very enlightening week for
7 me. But this is a very interesting project.

8 CHAIRPERSON PFANNENSTIEL: Thank you,
9 Commissioner.

10 MS. WILLIAMS: Thank you.

11 COMMISSIONER BOYD: I'll move approval.

12 COMMISSIONER BYRON: Second.

13 CHAIRPERSON PFANNENSTIEL: Moved and
14 seconded.

15 In favor?

16 (Ayes.)

17 CHAIRPERSON PFANNENSTIEL: Thank you.

18 MS. WILLIAMS: Thank you.

19 CHAIRPERSON PFANNENSTIEL: Item 6,
20 possible approval of contract 600-05-014 for
21 \$278,492 with Nexant, Incorporated, to develop an
22 energy project financing network that stimulates
23 export opportunities for California-based energy
24 technologies and services to international markets
25 and enhance project financing for California-based

1 energy companies.

2 MR. KISOKI: Good morning,
3 Commissioners; my name is Tambu Kisoki.

4 CHAIRPERSON PFANNENSTIEL: Good morning.

5 MR. KISOKI: In the interest of time I'd
6 like to combine item number 6 and number 7. These
7 two contracts co-funded with the federal
8 government funding, Commerce Department and market
9 development program and ERPA funding.

10 These contracts are funded from the same
11 grant and were selected from the same RFP.

12 The first contract is to develop the
13 energy project financing and work to stimulate
14 opportunity to export California-based energy
15 technology and services for international markets,
16 and enhance project-financing mechanism to assist
17 California-based company in California.

18 This contract also provide financing
19 consultation to small- to mid-sized company within
20 the State of California. And the contractor will
21 help us complete the case study to highlight
22 successful project and align the ingredient for
23 successful project.

24 The second contract with BCS, item
25 number 7, is to assist us in conducting

1 conferences in California, and assist us in to
2 admissions overseas in the foreign markets which
3 are China, South Korea, Mexico and Thailand.

4 The work under the first contract help
5 us fulfill the 2000 IEPR recommendation to
6 stimulate renewable energy and energy efficiency
7 project in California. And the second will help
8 us fulfill the requirements for the federal grant
9 to increase trade opportunities.

10 CHAIRPERSON PFANNENSTIEL: Thank you.
11 Are there questions or discussion on item 6 with
12 Nexant?

13 COMMISSIONER BYRON: May I make a
14 comment?

15 CHAIRPERSON PFANNENSTIEL: Of course.

16 COMMISSIONER BYRON: I had the benefit,
17 Mr. Kisoki, of attending one of these about four
18 years ago. I found it to be very interesting,
19 very informative. And I was very impressed with
20 the companies that were represented there.

21 So, I'm really -- as my previous
22 comments, I'm really pleased to see the Energy
23 Commission's interest in exporting California's
24 technologies this way. And I've had an
25 opportunity to see it firsthand, so I look forward

1 to an opportunity to participate in perhaps one of
2 your next conferences.

3 MR. KISOKI: Thank you, Commissioner.

4 CHAIRPERSON PFANNENSTIEL: Is there a
5 motion for number 6?

6 COMMISSIONER BOYD: I'll move approval.

7 COMMISSIONER BYRON: I'll second.

8 CHAIRPERSON PFANNENSTIEL: Item 6, all
9 in favor?

10 (Ayes.)

11 CHAIRPERSON PFANNENSTIEL: Item 6 is
12 moved. Item 7, possible approval of contract 600-
13 05-015 for \$27,800 with BCS, Incorporated, to
14 assist the Energy Commission in conducting project
15 financing conferences and international trade
16 missions.

17 Are there questions or discussion of
18 item 7?

19 COMMISSIONER BOYD: I'd like to make a
20 comment, or maybe put it in the form of a
21 question. Some of us, I believe both myself and
22 Commissioner Geesman, have had quite a bit of
23 interaction with CALPERS in the last year,
24 certainly moreso in the last six months.

25 And I would just like to encourage that

1 as we work on this component of project financing
2 that we maintain an interface with them. And
3 maybe get some information from them on the many
4 many conferences they've had of late touching upon
5 this subject.

6 So, we could use their resources, i.e.,
7 the dollars, and perhaps we can use some of the
8 groundwork that they perhaps have already laid in
9 dealing in this subject area. At least as it
10 relates to funding green projects, so to speak.

11 So with that comment, I'll make a motion
12 to approve the item.

13 CHAIRPERSON PFANNENSTIEL: Second?

14 COMMISSIONER BYRON: I'll second.

15 CHAIRPERSON PFANNENSTIEL: Thank you.

16 In favor?

17 (Ayes.)

18 CHAIRPERSON PFANNENSTIEL: It's
19 approved, thank you.

20 MR. KISOKI: Thank you very much.

21 CHAIRPERSON PFANNENSTIEL: Item 8,
22 possible approval of purchase order 05-433-520 to
23 Setka, Incorporated, for \$99,940, to assist the
24 Energy Commission in continuing to collect and
25 publish appliance efficiency data. Ms Chrisman.

1 MS. CHRISMAN: Thank you. For the
2 record, I'm Betty Chrisman, Program Manager of the
3 Energy Commission's appliance efficiency program.
4 Staff is seeking approval of this purchase order
5 with Setka, Inc. for \$99,940 in order to complete
6 several necessary changes and upgrades to the
7 Energy Commission's appliance database.

8 The appliance database is the
9 cornerstone of the appliance efficiency program's
10 efforts to insure manufacturers' certification and
11 its ability to collect and publish appliance-
12 specific energy efficiency data.

13 Work done under this purchase order will
14 make changes to the appliance database,
15 necessitated by recent changes to the appliance
16 efficiency regulations insuring data accuracy both
17 by allowing newly regulated appliances to be added
18 to the appliance database. And by incorporating
19 necessary changes to previously regulated
20 appliances already in the appliance database.

21 This purchase order will also allow
22 staff to incorporate the last of the historical
23 appliance data into electronic format providing
24 staff quicker access for consumer inquiries, and
25 allowing the Energy Commission to post on its

1 website all the historical appliance data
2 published by the Energy Commission since 1978.

3 Two proposals were received in response
4 to the request for offer issued last month. Setka
5 was selected based on the best value selection
6 criteria included with the RFO.

7 The Efficiency Committee approved this
8 purchase order last week. Staff would appreciate
9 your approval of this purchase order. And I'm
10 happy to answer any questions.

11 CHAIRPERSON PFANNENSTIEL: Are there
12 questions or discussion? I did have one question.
13 So, this means that we need to revise that
14 database every time we change the appliance
15 standards. So, and does that mean a major
16 revision every time we revise the appliance
17 standards?

18 MS. CHRISMAN: Every time that we change
19 anything that impacts data collection. If we just
20 change a test method that doesn't require
21 collecting of any new data, we don't need to make
22 changes to the database. But if we change
23 efficiency standards so that the standards that
24 the models are validated against, or if we add
25 anything new to table V, which is the multipaged

1 section of the regulations that specifies what
2 data we collect for each appliance. Anytime
3 anything happens, we have to make changes to the
4 database depending on what those changes are.
5 They can be minor, moderate, or sometimes
6 substantial.

7 CHAIRPERSON PFANNENSTIEL: And how would
8 you characterize this? This is nearly \$100,000.
9 Is this a major revision?

10 MS. CHRISMAN: This one is -- it depends
11 on which appliances we're going to be making
12 changes to. This one's going to add one new
13 appliance in, which we're going to start
14 collecting data on for standards that go into
15 effect January 1, 2008, and that's icemakers.

16 There's going to be some other minor
17 changes to the database. This one for overall is
18 probably in the minor to moderate category.

19 CHAIRPERSON PFANNENSTIEL: Thank you.
20 Are there other questions, discussion? Do I hear
21 a motion?

22 COMMISSIONER BOYD: I'll move the item.

23 COMMISSIONER GEESMAN: Second.

24 CHAIRPERSON PFANNENSTIEL: In favor?

25 (Ayes.)

1 CHAIRPERSON PFANNENSTIEL: It's
2 approved, thank you.

3 Item 9, possible approval of contract
4 400-05-021 for \$150,000 with Heschong Mahone
5 Group, Incorporated, to assist the Energy
6 Commission in enforcing the appliance efficiency
7 regulations through appliance testing, conducting
8 surveys of appliances sold online, and in
9 wholesale and retail outlets; conducting a survey
10 of other nonCalifornia appliance standard
11 enforcement activities; and providing analysis of
12 the intervention strategies best suited for the
13 California appliance program. Ms. Chrisman,
14 again.

15 MS. CHRISMAN: Thank you. The Energy
16 Commission is directed to develop, implement and
17 enforce appliance efficiency standards that
18 require either appropriate minimum efficiencies or
19 maximum energy consumption allowances for each
20 category of affected appliance.

21 In the past appliance testing has proved
22 an effective tool to insure that appliances sold
23 or offered for sale in California comply with the
24 appliance efficiency regulations.

25 Assuring compliance with California

1 standards is an increasing challenge, however. As
2 California standards increasingly focus on
3 consumer electronics and smaller household
4 appliances, and as these appliances and equipment
5 are sold through disbursed distribution channels,
6 including over the internet, to a world market,
7 new intervention strategies are required to cause
8 worldwide sellers to acknowledge and comply with
9 California's requirements.

10 The appliance efficiency program will
11 use the information and analysis provided through
12 this contract to develop better strategies that
13 show promise for raising the effectiveness of
14 enforcement of California standards and compliance
15 with the appliance efficiency regulations by
16 manufacturers, wholesalers, distributors and other
17 sellers worldwide.

18 The Efficiency Committee approved this
19 contract on June 7th. Staff would appreciate your
20 approval of this \$150,000 contract with Heschong
21 Mahone. And I'm happy to answer any questions.

22 CHAIRPERSON PFANNENSTIEL: Are there
23 questions or discussion?

24 Is there a motion?

25 COMMISSIONER BOYD: So moved.

1 COMMISSIONER GEESMAN: Second.

2 CHAIRPERSON PFANNENSTIEL: Moved and
3 seconded.

4 All in favor?

5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: Approved,
7 thank you.

8 MS. CHRISMAN: Thank you.

9 CHAIRPERSON PFANNENSTIEL: Item 10,
10 possible approval of purchase order 05-433.00-517
11 for \$190,000 with Robert Cenzer Consulting to
12 analyze the October 2005 and April 2006 vehicle
13 registration databases in the Department of Motor
14 Vehicles to inventory California's vehicle
15 population.

16 MR. OCCHIUIZZO: Gary Occhiuzzo with the
17 electricity division. I was asked to represent
18 this contract because of my long-term association
19 with the Commission's DMV data project. However,
20 Gene Strecker will be assuming management
21 responsibilities because of my transfer.

22 This agenda item seeks Commission
23 approval of an IT purchase order to obtain
24 technical support for processing the latest DMV
25 vehicle registration databases. For several years

1 now funding of this project has been jointly
2 funded by several state agencies. The current
3 contract continues that practice. The \$190,000
4 budget includes 20,000 from the Department of
5 General Services, 35,000 from Parks and Rec,
6 25,000 from Caltrans, and 40,000 from the
7 Commission via a federal grant from the Department
8 of Energy.

9 Accurate and detailed vehicle population
10 data is essential to transportation analysis and
11 planning, yet such information is currently
12 unavailable from other sources.

13 The DMV supports law enforcement with
14 its drivers license database, but has few
15 reporting obligations with regard to its vehicle
16 registration data. The only viable private source
17 is R.L. Polk, and they purchase only the newer
18 model years records from DMV.

19 All of this, of course, underscores the
20 significance of this Commission-led joint-agency
21 DMV data project.

22 The high quality data generated by this
23 project over the past decade has recently garnered
24 an endorsement from the Department of Motor
25 Vehicles by way of a memorandum of understanding

1 with the Energy Commission that recognizes the
2 Commission's data processing methodology as a
3 valuable source of vehicle population information.

4 During the past 12 months this project
5 has responded to more than 80 data requests from
6 Commission Staff, the Legislature and government
7 agencies. These include support for the
8 Commission's Integrated Energy Policy Report,
9 inventory of the state government vehicle fleet
10 for the Department of General Services per AB-
11 1357; inventory of electric vehicles for parking
12 access per Senate Bill 1314; inventory of hybrid
13 electric vehicles for high-occupancy vehicle lane
14 access per Senate Bill 2628; the Bay Area Air
15 Quality Management District's all-vehicle buy-back
16 scrappage program; and the Southern California
17 Association of Governments' periodic update of its
18 regional heavy duty vehicle travel demand model.

19 Staff therefore requests approval of
20 this item to continue this significant work.
21 Thank you.

22 CHAIRPERSON PFANNENSTIEL: Questions?
23 Commissioner Geesman.

24 COMMISSIONER GEESMAN: I don't see the
25 Air Resources Board on here among those agencies

1 contributing funding to the effort. I'm wondering
2 what efforts, if any, we've made to attempt to
3 make certain that this type of effort reflects
4 their needs and interests.

5 MR. OCCHIUZZO: For the first five years
6 of the project the ARB actually was the impetus
7 behind the creation of this effort and co-funded
8 the project from 1993 to '97 or '98.

9 Subsequent to that they decided to take
10 a course of their own, and they do have a
11 fledgling effort inhouse to do some of what we do.
12 But it does not go anywhere near as far as what we
13 do.

14 And as recently as the last six months
15 I've responded to two data requests from ARB Staff
16 for results from our effort. I've courted them
17 for the past few years trying to get them to
18 reintroduce into the joint effort, but haven't
19 been successful to date.

20 COMMISSIONER GEESMAN: Well, I think
21 that's a problem. I think this effort ought to go
22 forward here, and I'm certainly prepared to vote
23 for it today. But, Mr. Blevins, I think this need
24 to be raised up the ladder within your various
25 interagency dealings.

1 As I think many of you know, I've been
2 critical of the ARB's approach to trying to model
3 the existing fleet. I think the predictive model
4 made some gross over-generalizations. And state
5 policy suffers as a result of it.

6 I think there's a substantial degree of
7 value that can be gained if the various state
8 agencies with policy interests in this area can
9 agree on what the data looks like. And I'd really
10 think that we should attach pretty high priority
11 to trying to bring the ARB into the loop on this.

12 But I'm prepared to move forward on it,
13 and will certainly move approval, Madam Chair.

14 CHAIRPERSON PFANNENSTIEL: Is there a
15 second?

16 COMMISSIONER BOYD: I'll second.

17 CHAIRPERSON PFANNENSTIEL: In favor?

18 (Ayes.)

19 CHAIRPERSON PFANNENSTIEL: Thank you.

20 MR. OCCHIUZZO: Thank you.

21 COMMISSIONER BOYD: I would add, Mr.
22 Blevins, that I think in the context of our
23 ongoing dialogue carrying out AB-1007 affords an
24 excellent opportunity to raise the question again
25 of their participation.

1 EXECUTIVE DIRECTOR BLEVINS: So noted.

2 COMMISSIONER BOYD: Since we're both
3 getting a huge transfusion of money if the budget
4 goes as proposed, work in the transportation area
5 finally, why, maybe they can afford it.

6 CHAIRPERSON PFANNENSTIEL: Item 11,
7 possible approval of purchase order 05-433.00-522
8 for \$92,940 with Kybro Consulting for services to
9 enhance the energy and consumption load data
10 management system and provide support for the
11 system, including online maintenance for the
12 system database and associated applications. Ms.
13 Gough.

14 MS. GOUGH: Good morning; I'm Andrea
15 Gough, the Project Manager for this database we
16 call ECLDMS. ECLDMS is the database where we
17 collect electricity and natural gas historical
18 data from utilities, energy service providers.
19 And about five years ago we transferred this data
20 from the state data center to a dedicated server
21 here at the Commission. So, we're saving CPU and
22 storage costs.

23 And at this point in time we're ready
24 for an enhancement. This enhancement involves how
25 the data's input. We want to move to a more web-

1 based version which makes the input more
2 universal. It's a precursor for in the future
3 where utilities could directly load the data into
4 the database instead of using staff resources to
5 do data handling.

6 This contract also involves a component
7 for maintenance for the next year for the
8 database. So we're asking for approval of this
9 contract with Kybro Consulting.

10 CHAIRPERSON PFANNENSTIEL: Are there
11 questions? Commissioner Geesman.

12 COMMISSIONER GEESMAN: I'll move
13 approval.

14 COMMISSIONER BOYD: Second.

15 CHAIRPERSON PFANNENSTIEL: In favor?

16 (Ayes.)

17 CHAIRPERSON PFANNENSTIEL: It's
18 approved, thank you.

19 MS. GOUGH: Thank you.

20 CHAIRPERSON PFANNENSTIEL: Item 12,
21 possible approval of purchase order 05-033.00-519
22 to Creatus, Incorporated for \$100,000 to convert
23 and enhance the Oracle grants and loans database
24 system to reliable, automated system utilizing the
25 Energy Commission's database platform standards

1 and to provide system support.

2 MR. BOSLEY: Good morning, Madam Chair.

3 My name is Dale Bosley. I'm here representing
4 items 12, 13 and 14. I want to start out with
5 George Gaborek to present item number 12.

6 MR. GABOREK: Good morning, Madam Chair,
7 Commissioners. My name is George Gaborek, and as
8 Dale said, I work for the information technology
9 services branch.

10 This item supports the Energy
11 Commission's grants and loans office, and allows
12 us to upgrade the existing grants and loans
13 database system.

14 The total requested funds for this
15 contract is \$100,000; it covers a one-year period
16 from the approval of the Commissioners to
17 6/30/2006.

18 Just to give you a generalized
19 background, the current grants and loans database
20 system was developed over 15 years ago. And
21 through its test of time has become obsolete and
22 in a state of which the system can no longer be
23 supported by the information technology services
24 branch.

25 The system tracks grants, loans,

1 contingent awards which currently encompasses in
2 excess of \$150 million that are funded from
3 multiple funding sources. In addition, the system
4 calculates the billings for loans and repayments
5 and tracks the receipts of funds.

6 The benefits of the new system will give
7 staff a reliable automated system with easy-to-use
8 interfaces that will continue to provide the
9 current business functionality. Conformity to USB
10 database platform standards that allows ITSB
11 support in a manner consistent with other newly
12 developed administrative services divisions
13 applications. Allows for more consistent data
14 integrity.

15 And once completed, the system can be
16 used by other Commission Staff members to acquire
17 grants and loans information.

18 This item has been approved by the
19 Budget and Management Committee. And I'm
20 currently open for questions.

21 CHAIRPERSON PFANNENSTIEL: Thank you.
22 Are there questions?

23 COMMISSIONER GEESMAN: I'll move the
24 item.

25 COMMISSIONER BOYD: Second.

1 CHAIRPERSON PFANNENSTIEL: In favor?

2 (Ayes.)

3 CHAIRPERSON PFANNENSTIEL: Thank you.

4 MR. GABOREK: Thank you.

5 CHAIRPERSON PFANNENSTIEL: Item 13,
6 possible approval of a purchase order to Webex
7 Corporation for \$90,000 for web conferencing
8 services used by the Energy Commission Staff.

9 MR. BONTA: Good morning, thank you. My
10 name is Steve Bonta from information and
11 technology services branch.

12 And this item supports the Energy
13 Commission's ability to communicate and interact
14 with stakeholders. In particular, this item is a
15 renewable of the service that was started in July
16 2005; and this web conferencing service lets the
17 Energy Commission leverage the internet to, among
18 other things, allow offsite stakeholders to
19 participate in Energy Commission workshops and
20 meetings; to share formal presentations using
21 PowerPoint and other media; to work
22 collaboratively on documents with stakeholders who
23 are in remote locations as if they're actually in
24 the same room.

25 And, frankly, to do some things that we

1 couldn't do before, such as conducting interactive
2 audio/visual press conferences.

3 And some of the benefits of continuing
4 this Webex service include some savings in travel
5 costs, energy and staff time. It allows us to
6 produce better documents than the fragmented
7 method of doing edits via email and voicemail back
8 and forth. And it allows effective meetings and
9 presentations to be conducted without the need for
10 travel, which can lead to greater participation
11 and shorter lead time on things.

12 This item has been approved by the
13 Budget and Management Committee. And I'd be glad
14 to answer any questions you might have.

15 CHAIRPERSON PFANNENSTIEL: Are there
16 questions? Commissioner.

17 COMMISSIONER BYRON: I fully support
18 this kind of activity, perhaps because I'm from
19 Silicon Valley. But I would also encourage you to
20 look at ways to perhaps measure the effectiveness
21 of using this tool, so that we can justify future
22 approval of these things.

23 MR. BONTA: Sure, and thank you for your
24 support.

25 COMMISSIONER GEESMAN: I'll move the

1 item.

2 COMMISSIONER BOYD: I'll second the
3 item. I know my friends on the IEPR Committee
4 will need this service during their 50 or 60
5 hearings for the 2007 IEPR.

6 CHAIRPERSON PFANNENSTIEL: All in favor?
7 (Ayes.)

8 CHAIRPERSON PFANNENSTIEL: Thank you.

9 MR. BONTA: Thank you.

10 CHAIRPERSON PFANNENSTIEL: Item 14,
11 possible approval of purchase order 05-433.00-518
12 to Access System, Incorporated, for \$81,030 to
13 upgrade the Energy Commission's building security
14 system to a more stable and reliable system.

15 MR. CHISUM: Good morning.

16 CHAIRPERSON PFANNENSTIEL: Good morning.

17 MR. CHISUM: My name's Dale Chisum; I
18 work in the information technology services
19 branch. This item will provide an improved
20 building security system at the Energy Commission.

21 The current building security system at
22 the Energy Commission was originally installed in
23 1996, and upgraded in the year 2000. The system
24 has become obsolete, unreliable and inefficient.

25 The reasons for this include the

1 manufacturer of the current system has gone out of
2 business making it difficult to repair, find
3 replacement parts and support to resolve problems.
4 This has led to problems including system failures
5 and alarms sounding at inappropriate times.

6 The new building security system will be
7 more reliable and efficient. Streamlined security
8 processes and procedures, including a visitor
9 system that will provide visitors with a
10 professional looking name badge; and will come
11 from industry-leading manufacturer that has been
12 in the security business for many years, insuring
13 support and reliability.

14 This item has been approved by Budget
15 and Management Committee. And at this time I'll
16 answer any questions.

17 CHAIRPERSON PFANNENSTIEL: Thank you
18 very much. Are there questions? Discussion?

19 COMMISSIONER GEESMAN: I'll move the
20 item.

21 COMMISSIONER BOYD: Second. I'm going
22 to miss the alarms sounding inappropriately during
23 these meetings.

24 (Laughter.)

25 CHAIRPERSON PFANNENSTIEL: Well, maybe

1 not.

2 All in favor?

3 (Ayes.)

4 CHAIRPERSON PFANNENSTIEL: The item is
5 approved, thank you.

6 MR. CHISUM: Thank you.

7 CHAIRPERSON PFANNENSTIEL: Item 15,
8 possible approval of amendment 2 to contract 500-
9 03-037 with CMC Engineering, replacing the
10 remaining Semptra Utilities matched funding of
11 \$168,718 with PIER natural gas funding. And
12 extending the term of the contract by one year to
13 December 31, 2008. Mr. Koyama.

14 MR. KOYAMA: Good morning; I'm Ken
15 Koyama with the energy research and development
16 division. This contract amendment with CMC
17 Engineering to develop a combined heat and power
18 system will allow us to replace unspent Semptra
19 matched funds with PIER natural gas funds, and to
20 approve additional time to install and demonstrate
21 the CHP system.

22 This amendment complies with the 2004
23 CPUC decision to transition administration of
24 public --

25 (Alarm sounding.)

1 MR. KOYAMA: -- array.

2 (Laughter.)

3 COMMISSIONER BOYD: Good timing.

4 CHAIRPERSON PFANNENSTIEL: Never again,
5 Jim.

6 MR. KOYAMA: That's too much.

7 (Laughter.)

8 MR. KOYAMA: The amendment complies with
9 the 2004 CPUC decision to transition
10 administration of the public purpose natural gas
11 RD&D from the utilities to the Energy Commission.

12 We request approval of this contract
13 amendment.

14 CHAIRPERSON PFANNENSTIEL: Are there
15 questions on the contract?

16 COMMISSIONER GEESMAN: I'll move the
17 item.

18 COMMISSIONER BOYD: I'll second the
19 item.

20 CHAIRPERSON PFANNENSTIEL: All in favor?
21 (Ayes.)

22 CHAIRPERSON PFANNENSTIEL: The item is
23 approved, thank you.

24 MR. KOYAMA: Thank you.

25 CHAIRPERSON PFANNENSTIEL: Item 16,

1 possible approval of contract 600-05-021R for
2 \$100,000 with TSS Consultants to evaluate
3 technology options that can convert biomass
4 resources to biofuels for transportation use in
5 California and the western United States. Mr.
6 MacDonald.

7 MR. MacDONALD: Good morning; I'm Tom
8 MacDonald with fuels and transportation division.
9 This project was conceived and designed by our
10 staff originally as a proposal to the Western
11 Governors Association, responding to their
12 solicitation from their western regional biomass
13 program to California.

14 We collaborated with the Department of
15 Food and Agriculture and Department of Forestry,
16 two of our sister agencies, on the interagency
17 bioenergy working group. And we developed a three
18 part -- three separate, but related, biomass
19 projects between the three agencies that we
20 submitted to WGA. They were all accepted and
21 approved for funding.

22 This \$100,000 that we received from WGA
23 we're proposing to use for this contract with TSS,
24 which will develop an updated and detailed
25 assessment, review, evaluation of all the current

1 biomass-to-ethanol and other biofuel technologies
2 under active development.

3 The work on this, partially underway on
4 our part, is part of our cost share that we agreed
5 to with WGA on this. And the complete results are
6 expected to be available by the end of the year in
7 time to be incorporated in the AB-1007 process.

8 The Transportation Committee approved
9 this contract on May 23rd, and we request full
10 Commission approval today.

11 CHAIRPERSON PFANNENSTIEL: Are there
12 questions on the project?

13 COMMISSIONER BOYD: Move approval.

14 COMMISSIONER GEESMAN: Second.

15 CHAIRPERSON PFANNENSTIEL: In favor?

16 (Ayes.)

17 MR. MacDONALD: Thank you.

18 CHAIRPERSON PFANNENSTIEL: It's
19 approved, thank you.

20 Item 17, possible approval of PIER work
21 authorization UC MR-047 for \$303,000 under UC
22 master research agreement number 500-02=004 with
23 the Regents of the University of California Office
24 of the President.

25 MS. LAUFENBERG-GALLARDO: Thank you.

1 Good morning, Commissioners. I am Clare
2 Laufenberg-Gallardo from the engineering office in
3 the siting division.

4 I'm here to present for you a proposal
5 that would further the work of a study prepared
6 for the 2005 Integrated Energy Policy Report.
7 That 2005 study, assessment of reliability and
8 operational issues for integration of renewable
9 generation, was conducted by CERTS, the Consortium
10 for Electric Reliability Technology Solutions,
11 from the Lawrence Berkeley National Laboratory.

12 In the 2005 study CERTS identified and
13 analyzed the impact of integrating renewable
14 resources in nine key areas that could hinder
15 efforts to meet the state's 2010 RPS goals. These
16 issues related to the operation and the
17 reliability of the grid need to be addressed in
18 order for renewable resources to be integrated
19 successfully.

20 In the item on the agenda today CERTS
21 would research and develop ways to monitor and
22 track progress being made on the issues identified
23 in the 2005 work; research and evaluate various
24 system control areas requirements; minimum loads;
25 and ways to enhance coordinating the existing

1 hydro and pump storage facilities so that
2 intermittent renewable resources can be better
3 integrated by the ISO.

4 They would coordinate their work and
5 share the information with the intermittency
6 analysis project team. And they would provide
7 updates on their progress to the Energy Commission
8 so that this information can be reflected in the
9 2007 IEPR.

10 The work would be coordinated with the
11 ISO Staff and does not duplicate any ongoing work
12 by the ISO. Dr. Joseph Eto from Lawrence Berkeley
13 National Lab would, once again, manage the
14 project, working with the Electric Power Group.
15 This is the same team that worked on the 2005
16 report.

17 This approval was -- I'm sorry, this
18 proposal was approved by the RD&D Committee on
19 June 1st. And with that brief introduction, I
20 present this item for your consideration. Thank
21 you.

22 CHAIRPERSON PFANNENSTIEL: Are there
23 questions or discussion? Yes, Commissioner Byron.

24 COMMISSIONER BYRON: One question, if I
25 may. Could you describe to me how the work is

1 coordinated with the ISO? Is it -- do they wait
2 for the report? are they integrally involved all
3 the way through?

4 MS. LAUFENBERG-GALLARDO: They are
5 integrally involved. Last time Dave Hawkins from
6 the ISO and other staff members were consulted by
7 the team, the research team, and were involved in
8 preparing the discussion of the issues and the
9 report.

10 COMMISSIONER BYRON: Okay.

11 MS. LAUFENBERG-GALLARDO: Thank you

12 COMMISSIONER BYRON: Thank you.

13 COMMISSIONER GEESMAN: I'll move the
14 item.

15 COMMISSIONER BYRON: I'll second.

16 CHAIRPERSON PFANNENSTIEL: In favor?

17 (Ayes.)

18 CHAIRPERSON PFANNENSTIEL: It's been
19 approved, thank you.

20 MS. LAUFENBERG-GALLARDO: Thank you.

21 CHAIRPERSON PFANNENSTIEL: Item 18,
22 possible approval of contract 600-05-013 for
23 \$35,984 with Gladstein, Neandross and Associates,
24 to create a handbook for developers, operators of
25 alternative transportation fuel infrastructure

1 projects. Mr. Sterling.

2 MR. STERLING: Good morning,
3 Commissioners. This item would simply be to
4 create a practical handbook to complement the
5 analysis and recommendations from AB-1007 for the
6 people on the ground who are considering
7 installing alternative fuel infrastructure, for
8 example fueling stations and so forth.

9 And it will convey the lessons we've
10 learned from other projects including both the
11 successes and the failures. And it's just
12 intended to be something they can refer to to
13 avoid some of the pitfalls that we've seen other
14 companies deal with.

15 So, it's \$36,000; and with that I'll
16 take any questions.

17 CHAIRPERSON PFANNENSTIEL: Would you
18 just describe a little bit the relationship with
19 1007, the 1007 report?

20 MR. STERLING: Yeah. AB-1007 involves a
21 lot of analysis and will have a lot of
22 recommendations and projections of what may be
23 possible for alternative fuels in the future.

24 But in order to implement those, some
25 people are going to need to actually build, for

1 example, fueling stations. And the people who do
2 that may not have the expertise they need to
3 overcome the particular obstacles that come with
4 this type of work.

5 So we want to put together a handbook
6 that's going to be able to guide them through the
7 process.

8 CHAIRPERSON PFANNENSTIEL: What about
9 the timing of this handbook relative to the work
10 being done for 1007? How do they mesh?

11 MR. STERLING: Well, again, we're going
12 to work as quickly as possible. It's a one-year
13 contract, but I think by the time we have
14 recommendations, this handbook should be ready.

15 CHAIRPERSON PFANNENSTIEL: Thank you.
16 Other questions? Motion?

17 COMMISSIONER BOYD: I'll move approval.

18 COMMISSIONER GEESMAN: Second.

19 CHAIRPERSON PFANNENSTIEL: In favor?

20 (Ayes.)

21 CHAIRPERSON PFANNENSTIEL: Thank you.

22 MR. STERLING: Thank you.

23 CHAIRPERSON PFANNENSTIEL: Item 19,
24 possible approval of purchase order 05-433.00-521
25 to Visionary Integration Professionals, LLC, for

1 \$198,000 to fund a program development project
2 manager for the Western Renewable Energy
3 Generation Information System, WREGIS.

4 MS. ZOCCHETTI: Good morning, Madam
5 Chairman --

6 CHAIRPERSON PFANNENSTIEL: Good morning.

7 MS. ZOCCHETTI: -- and Commissioners.
8 I'm Kate Zocchetti; I work in the renewable energy
9 program. And I'm on the WREGIS project team.

10 WREGIS, as most of you know, is being
11 established in response to California legislation
12 that requires the Energy Commission to develop and
13 track renewable energy generation to verify
14 compliance with California's RPS.

15 WREGIS will assist in verifying
16 compliance with renewable energy programs in the
17 western interconnect. And help insure that
18 renewable energy output is counted only once.

19 This purchase order is for a program
20 development project manager to provide project
21 management and business process development
22 services for the administrative operations of
23 WREGIS at WECC, which is the Western Electricity
24 Coordinating Council, which is where WREGIS will
25 be housed.

1 We are seeking approval for this
2 purchase order for Visionary Integration
3 Professionals. They were the winning bidder for
4 an 11-month term beginning July of this year until
5 May of next year. And I'm open for any questions.

6 CHAIRPERSON PFANNENSTIEL: Are there
7 questions? Commissioner Byron.

8 COMMISSIONER BYRON: Is this person
9 going to be located here or at WECC?

10 MS. ZOCCHETTI: Here.

11 COMMISSIONER BYRON: Okay.

12 MS. ZOCCHETTI: Um-hum, in California.

13 COMMISSIONER BYRON: Thank you.

14 COMMISSIONER GEESMAN: I'll move the
15 item.

16 COMMISSIONER BYRON: I'll second.

17 CHAIRPERSON PFANNENSTIEL: In favor?

18 (Ayes.)

19 CHAIRPERSON PFANNENSTIEL: It's been
20 approved, thank you.

21 MS. ZOCCHETTI: Thank you.

22 CHAIRPERSON PFANNENSTIEL: Item 20,
23 possible approval of recommended changes to the
24 existing renewable facilities program guidebook,
25 third edition, to maintain the current target

1 price and cap for tier I biomass facilities only
2 from July 1, 2006 to December 31, 2006. Mr.
3 Goncalves.

4 MR. GONCALVES: Thank you, Madam
5 Chairman, Commissioners. The existing renewable
6 facilities program provides funding to
7 California's existing renewable generating
8 facilities, which are powered by biomass, solar
9 thermal and wind.

10 Production incentives are made on a
11 cent-per-kilowatt-hour basis. And are based on
12 the difference between a target price, which is
13 set by the Energy Commission, and the energy price
14 the facilities receive for their power, subject to
15 a cap.

16 In November 2005 the Energy Commission
17 increased the target price and cap for biomass
18 facilities only through June 30, 2006. And this
19 increase was to help offset the increased cost of
20 procuring biomass fuels for these facilities.

21 Today we are requesting that the current
22 target price, which is currently 5.87 cents per
23 kilowatt hour, and the current cap, which is 1.5
24 cents per kilowatt hour, be maintained through the
25 end of 2006.

1 And with that I'll take any questions.

2 CHAIRPERSON PFANNENSTIEL: Are there
3 questions?

4 COMMISSIONER GEESMAN: I'll move the
5 item.

6 COMMISSIONER BOYD: Second.

7 CHAIRPERSON PFANNENSTIEL: In favor?

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: Thank you.

10 MR. GONCALVES: Thank you.

11 CHAIRPERSON PFANNENSTIEL: It's been
12 approved.

13 Item 21, possible adoption of revisions
14 to the emerging renewables program guidebook,
15 seventh edition, that provides program eligibility
16 requirements and fund processes under the
17 renewable resource trust fund. These proposed
18 revisions include maintaining the current
19 declining rebate schedule, photovoltaics, solar
20 thermal and fuel cells but keeping the rebate
21 level for wind technologies unchanged at \$22.50
22 per watt, and \$1.50 for any increments over 7.5
23 kilowatts and under 30 kilowatts.

24 MR. NARVAND: Good morning, Chairman and
25 Commissioners. Payam Narvand, renewables energy

1 office. This item basically will propose to
2 maintain the wind rebate level for all wind
3 systems.

4 The emerging renewable program is a
5 subsidy program to offset the cost of purchase and
6 installation of renewable energy systems in
7 California. And the current guidebook edition
8 calls for a drop in the rebate level of 20 cents
9 per watt for all technologies.

10 The Renewables Committee has approved
11 this item in terms of maintaining the wind rebate
12 level. And we are seeking here full Commission
13 approval.

14 CHAIRPERSON PFANNENSTIEL: Thank you.
15 We do have somebody who has asked to speak on this
16 item. And I think I'll ask him to come forward
17 now rather than waiting for public comment at the
18 end. Mr. Johnson.

19 MR. JOHNSON: Good morning,
20 Commissioners. I'm Mark Johnson with Golden
21 Sierra Power. I've prepared some comments that
22 I'd like to make prior to the Commission making a
23 ruling on whether to proceed with the reduction of
24 the incentive.

25 I'm sorry, I'm going to read from my

1 comments, if that's okay.

2 CHAIRPERSON PFANNENSTIEL: Well, may I
3 suggest, since you've provided us several pages of
4 comments, that you summarize them for our benefit.

5 MR. JOHNSON: Sure. Essentially what
6 we're asking is that the Commission would hold off
7 on making a decision today either by 30 or 60
8 days.

9 Recently, it's become aware that the
10 PUC, as it's trying to implement the CSI and deal
11 with its SGIP program, had probably prematurely
12 pulled the trigger in lowering their incentives,
13 or in setting their trigger cap. I think that's
14 been well documented in some of the media, or
15 industrial or our local media here.

16 Essentially, Golden Sierra Power has
17 been looking at some of the numbers based on
18 pricing and the cost of effects of lowering
19 incentives and actually what's taking place within
20 the CEC RPG program -- or, I'm sorry, ERP program.

21 And basically what we've found is that
22 the only thing that's going to happen by you guys
23 reducing to 20 cents is it's going to be passed
24 back to the consumer. The price of the systems is
25 actually going up. The cost to the consumer is

1 going up.

2 And what we've done is in the back
3 provided, using your data, this information
4 comprised over the last six months. And then we
5 took the month of May, which seemed to be a heavy
6 month this last month, and went back and tracked
7 the last months of May for pricing issues there.

8 And so we feel like by making this move
9 this would be another premature move by the
10 Commission to react and try and get the industry
11 to react by lowering its prices. And that is not
12 the case.

13 And as somebody who supports and works
14 with the main -- a large manufacturer, pricing is
15 not going to come down for at least another couple
16 of years. And so I think it would behoove the
17 Commission to kind of let things play out where
18 they are; wait till the PUC reaches its 50
19 megawatt and lowers its incentive; and then the
20 CEC would follow.

21 In regards to what equates to the
22 federal tax credit, which is what I think the CEC
23 is trying to do is to offset by taking some value
24 back from that, the federal tax credit is really
25 limited to about two grand for most of the

1 projects in here, because they're residential.

2 Two grand, you're looking at roughly a
3 third of that coming off of the value of that
4 federal tax credit for a residential unit. And
5 so, that, again, is just hurting the consumer on
6 the back end. The manufacturers are going to
7 still end up charging what they are for their
8 pricing. We're not, like I said, projected to see
9 some of those costs come down for the next two
10 years.

11 So I think that the Commission should
12 take a look at these numbers and really see if
13 making this move now is the right thing.

14 CHAIRPERSON PFANNENSTIEL: Thank you,
15 Mr. Johnson. Are there questions or discussion?
16 Commissioner Geesman.

17 COMMISSIONER GEESMAN: I believe we've
18 all received correspondence from CalSEA, the
19 industry trade association supporting the
20 reduction. And the premise of the incentive
21 program is one of declining incentives.

22 I don't think there's ever a good time
23 to reduce the incentives, but we have kept this
24 level constant for about 18 months now.

25 So, I guess, also of note, we've tried

1 to coordinate, and recently achieved better
2 success at coordinating, our incentive levels with
3 the PUC. And I think that as we head into the end
4 of the year and the Governor's solar initiative
5 gears up, we will have both agencies working quite
6 closely together with a common incentive.

7 So I think it's appropriate to allow the
8 plan to work as it was designed, and approve the
9 staff proposal, which the Renewables Committee has
10 already endorsed.

11 So I would move approval.

12 CHAIRPERSON PFANNENSTIEL: Is there
13 further discussion or a second?

14 COMMISSIONER BOYD: I'll second.

15 CHAIRPERSON PFANNENSTIEL: All in favor?

16 (Ayes.)

17 CHAIRPERSON PFANNENSTIEL: It is passed,
18 thank you.

19 MR. NARVAND: Thank you.

20 CHAIRPERSON PFANNENSTIEL: Item 22,
21 possible adoption of Energy Commission Staff's
22 updated forecast of 2007 peak demand for PG&E, SCE
23 and SDG&E. Ms. Marshall.

24 MS. MARSHALL: Yes. Lynn Marshall,
25 demand analysis office. To develop the updated

1 forecast for the resource adequacy process, we
2 sought to adjust our energy policy forecast
3 produced last fall to incorporate the effects of
4 loads observed last summer.

5 Generally our methodology is to estimate
6 the relationship between daily peaks and daily
7 maximum temperatures in each utility service area.
8 Then we apply that estimated relationship to the
9 average of historical annual maximum temperatures.
10 And that gives us our weather-adjusted one-in-two
11 demand.

12 To make a forecast then we simply
13 applied the growth rates from our forecast last
14 fall. We didn't run any forecast models for this
15 exercise.

16 When we presented our draft forecast at
17 the workshop in June, Southern California Edison
18 and San Diego, although they had some minor
19 disagreements, generally concurred with our
20 overall results.

21 PG&E, however, raised significant
22 concerns about increasing the forecast for their
23 area by almost 1000 megawatts, entirely based on
24 this analysis of weather-adjusted loads. They
25 argued that there are other equally valid

1 statistical models that can get significantly
2 different results. And pointed out that
3 temperatures last summer were four degrees above
4 average, so there's significant uncertainty when
5 you're applying a relationship estimated on lower
6 temperatures to those higher temperatures that
7 simply weren't observed.

8 So the Committee directed staff to work
9 with PG&E to resolve the discrepancies between our
10 forecasts. So we evaluated a number of different
11 statistical models and reviewed our data sources.
12 We updated the weights we're using with weather
13 stations to more accurately reflect currently
14 information on the saturation of air conditioning
15 in the different parts of PG&E. We incorporated
16 the effects of demand response programs on the
17 observed daily peaks. And those two changes had a
18 slight reduction on our estimate of the '05
19 demand.

20 However, we found that the key
21 difference between our forecast and PG&E's in the
22 weather stations used. They've used two weather
23 stations, and we use five. Using the same
24 methodology, but those different weather stations
25 you get, there's a difference of 570 megawatts

1 between those two different forecasts.

2 We generally think our five weather
3 stations are more representative of the PG&E
4 planning area. However, a confounding factor is
5 that there was significant change in the weather
6 patterns from '04 to '05. In 2004 there was very
7 little correlation between the San Jose and Fresno
8 temperatures. In 2005 they were very unusually
9 highly correlated. And we're still analyzing the
10 extent to which the methods we're using are
11 properly accounting for that change in
12 coincidence; or whether it might be causing us to
13 overstate load growth.

14 So, at this point, to allow for the
15 uncertainty around these estimates, what we've
16 proposed is to use the average of those two
17 estimates, same methodology, using different
18 weather stations. PGE's, on one hand; CEC's on
19 the others.

20 That gives us a forecast for 2007 of
21 19,440. That's lower than what we had proposed
22 before, but it's still more than a 500 megawatt
23 increase over our last September forecast.

24 Meanwhile we plan to continue to monitor
25 loads over the summer and revisit this forecast as

1 part of our more comprehensive forecast for the
2 2007 energy report.

3 If we could get more detailed data on
4 loads by sector and climate zone within the PG&E
5 area, that would also help shed light on the
6 underlying load growth trends.

7 Any questions?

8 CHAIRPERSON PFANNENSTIEL: Commissioner
9 Geesman.

10 COMMISSIONER GEESMAN: Lynn, at the
11 workshop I had asked that you go back five or ten
12 years and compile a table showing actual results
13 compared to forecast results. I didn't see that
14 in the backup materials. Have you had a chance to
15 do that?

16 MS. MARSHALL: Well, you know, we have
17 done that at the statewide level, but we -- it can
18 be kind of misleading because those are comparing
19 forecasts to recorded peaks, but not weather
20 adjusted. And I think what would be more useful
21 that we haven't done yet that will take some time,
22 but I think we should do this for part of the next
23 forecast, is to do that comparison at the utility
24 level. And then I think are at a point where we
25 could have a historical series of weather-adjusted

1 peaks, at least from 1993 on. We're getting
2 pretty comfortable with that. And that would be a
3 more meaningful comparison.

4 Of the statewide --

5 COMMISSIONER GEESMAN: Yeah, I wasn't
6 interested in statewide. It was my impression
7 that that was precisely what I was asking for.

8 MS. MARSHALL: Oh, okay.

9 COMMISSIONER GEESMAN: When do you think
10 that could be available?

11 MS. MARSHALL: We have shown that --
12 we've published those comparisons, and, you know,
13 there's the forecast error varies from year to
14 year, depending on the timeframe you look at from,
15 you know, 2 to 4 percent.

16 But we can certainly provide that data.
17 It's not weather adjusted, so it's a little
18 difficult --

19 COMMISSIONER GEESMAN: Well, I think it
20 should be weather adjusted.

21 MS. MARSHALL: Right.

22 COMMISSIONER GEESMAN: What we're trying
23 to do is establish some context as to how to view
24 a revision that originally you'd suggested was as
25 much as 2000 megawatts for the ISO control area,

1 which at least strikes me as a pretty significant
2 change.

3 I guess I'm also concerned about how
4 long it takes from last summer to discover that on
5 a weather-adjusted basis we had determined that
6 our forecast we're now saying was 15 megawatts off
7 -- 1500 megawatts off, but originally we thought
8 it was as much as 2000 megawatts off.

9 It strikes me that not knowing that
10 until April or so, is, I understand, when you
11 first learned it, creates a problem from a state
12 planning standpoint. We put an awful lot of
13 effort into preparing for these razor's edge
14 summers. And it would seem that one of our
15 principal inputs is so slow in becoming available
16 that it does impede our ability to plan.

17 Is there something that can be done to
18 accelerate that?

19 MS. MARSHALL: Yes. We've been
20 discussing findings ways to get the load data from
21 the utilities more quickly, possibly every month.
22 So, as we wrap up this process and fulfill our
23 requirements for the resource adequacy, we'll look
24 at getting the loads for this summer more quickly.

25 COMMISSIONER GEESMAN: I guess I also

1 have a concern with the nature of the methodology
2 that we're using for resource adequacy purposes.
3 And I've had this discussion with, I think, three
4 Executive Directors now.

5 We developed the long-term forecasting
6 methodology in the 1970s to help us determine the
7 need for siting new power plants. And its data-
8 gathering requirements, which were quite intense,
9 and detailed engineering end-use focus were
10 designed to really have the greatest acuity at a
11 10- to 12-year time horizon.

12 We're now using that same methodology
13 focused at a 10- to 12-month time horizon. And I
14 have continuing concerns as to the desirability of
15 reliance on that one arguably outmoded tool to
16 make that assessment.

17 In last year's IEPR the Commission did
18 indicate that it had a higher level of confidence
19 in the utilities' econometric methodologies for
20 short-term results, a higher level of confidence
21 in the staff's methodology for a long-term result.

22 But it would seem to me that our focus
23 as a state these last five years has shifted so
24 much in terms of a need for a near-term focus,
25 that it's incumbent upon us to try and reassess

1 the tools that we use in determining whether we're
2 using the best tools that we can.

3 And I'm hopeful, Mr. Blevins, that your
4 recent reorganization of the staff will address
5 that question first and foremost in the
6 electricity demand area.

7 I guess the other thing that I had
8 requested, and I don't see it anywhere, what
9 implications for the supply/demand balance that we
10 most recently took up at our Energy Action Plan
11 meeting April 28th. What are the ramifications of
12 this altered demand forecast for this summer?

13 MS. MARSHALL: I don't know if the
14 electricity office is prepared to comment on that
15 today.

16 CHAIRPERSON PFANNENSTIEL: Perhaps Mr.
17 Blevins can address that question.

18 EXECUTIVE DIRECTOR BLEVINS: First of
19 all, the balance, in terms of statewide, was not
20 complete until a few days ago, relative to the
21 PG&E discussion. So -- but that did not involve
22 the southern California numbers.

23 Obviously the addition of unexpected
24 demand in southern California brings the balance
25 much closer to where it was, particularly the 1000

1 megawatts.

2 At this point you are becoming more
3 reliant on the need for demand response programs
4 in the event if we have hot weather in southern
5 California. And we're working -- going to work
6 through the process to provide the specific
7 balance numbers, bringing those to the Electricity
8 Committee for your next meeting.

9 COMMISSIONER GEESMAN: Well, why don't
10 you bring it to the Commission for our next
11 meeting next week. I think this has a pretty high
12 level of urgency associated with it. And I would
13 hope that at least some preliminary work has been
14 done in assessing those ramifications.

15 And we sit here on June 29th of a summer
16 that on April 28th we pronounced, well, doesn't
17 look like we're likely to have that many problems.
18 I would think that 1000 megawatts of unexpected
19 demand in southern California might change that
20 assessment, and might trigger the need for perhaps
21 a little more urgency in our response.

22 EXECUTIVE DIRECTOR BLEVINS: Yeah, we'll
23 have Mr. O'Brien and Mr. Ashuckian make that
24 presentation as part of the Executive Director's
25 report --

1 COMMISSIONER GEESMAN: Okay.

2 EXECUTIVE DIRECTOR BLEVINS: -- on July
3 5th.

4 COMMISSIONER GEESMAN: Okay.

5 CHAIRPERSON PFANNENSTIEL: Excellent.

6 COMMISSIONER GEESMAN: I would recommend
7 that we adopt the staff-recommended forecast. The
8 PUC has previously indicated they'd like this
9 material by June 30th, and I think that we ought
10 to supply it to them. So I would move adoption of
11 the staff recommendation.

12 CHAIRPERSON PFANNENSTIEL: Are there
13 other questions, other issues? Yes, Commissioner
14 Byron.

15 COMMISSIONER BYRON: I'm also -- I'm
16 going to second this, but I just wanted to point
17 out that I think this is extremely important, as
18 well. I defer to Commissioner Geesman on a lot of
19 the details and historical aspects, but it's
20 become clear to me in my relatively short tenure
21 here how critical this issue is. And I'm going to
22 be very interested in coming up to speed on how we
23 do all these projections in the future.

24 COMMISSIONER GEESMAN: And in a few
25 agenda items you're going to become responsible

1 for the Electricity Committee.

2 COMMISSIONER BYRON: Yes, for that
3 reason, too.

4 (Laughter.)

5 COMMISSIONER BYRON: Thank you, Ms.
6 Marshall. So I second the item.

7 COMMISSIONER BOYD: Great anticipation.

8 CHAIRPERSON PFANNENSTIEL: I -- well,
9 let me call for a vote on it.

10 In favor?

11 (Ayes.)

12 CHAIRPERSON PFANNENSTIEL: So the
13 forecast is adopted, but I think that we can look
14 forward to maybe creating some time in the agenda
15 for the discussion at our next meeting, I think,
16 of the balance for the summer, certainly. Thank
17 you.

18 On to item 23, possible approval of an
19 administrative subpoena to the California
20 Independent System Operator for hourly operating
21 data for participating power plants and
22 transmission paths, and for access to the Cal-
23 ISO's scheduling log data, known as SLIC. Good
24 morning.

25 MR. BROWN: Good morning, Commissioners.

1 I'm Denny Brown, electricity analysis office. As
2 part of its evaluation of resource adequacy for
3 the summer of 2007 and beyond, the Energy
4 Commission Staff needs information held by the
5 California ISO concerning individual generation
6 units, transmission characteristics and procedures
7 employed by the California ISO in the daily
8 operation of the grid.

9 The California ISO has previously
10 provided the Energy Commission with this resource
11 information pursuant to administrative subpoenas
12 in 2004 and in 2005. This subpoena is a renewal
13 of that data request.

14 CHAIRPERSON PFANNENSTIEL: Are there
15 questions? Yes, Commissioner Byron.

16 COMMISSIONER BYRON: Thank you. Am I to
17 understand an administrative subpoena means it's a
18 friendly subpoena?

19 CHAIRPERSON PFANNENSTIEL: That's how
20 it's been characterized to us.

21 COMMISSIONER GEESMAN: It's a process
22 that they have recommended to us, under their
23 tariff, to be able to provide the information. It
24 sounds a little harsh, but this is their preferred
25 approach to providing the data.

1 COMMISSIONER BYRON: Thank you.

2 COMMISSIONER BOYD: It is friendly.

3 CHAIRPERSON PFANNENSTIEL: Are there
4 questions? Discussion?

5 COMMISSIONER GEESMAN: I'll move the
6 item.

7 COMMISSIONER BOYD: Second the item.

8 CHAIRPERSON PFANNENSTIEL: All in favor?
9 (Ayes.)

10 MR. BROWN: Thank you.

11 CHAIRPERSON PFANNENSTIEL: So the
12 friendly subpoena goes forward.

13 We agreed that we would move the El
14 Centro item to now, so it was originally item 25.
15 Possible Committee assignment for the proposed El
16 Centro Unit 3 repower project to replace an
17 existing steam generating unit within the site of
18 the existing El Centro Generating Station. Good
19 morning, Ms. Dyas.

20 MS. DYAS: Thank you. My name is Mary
21 Dyas. I'm a project manager with the facility
22 siting office.

23 On May 19th we received an application
24 for a small power plant exemption from the
25 Imperial Irrigation District for the El Centro

1 Unit 3 repower project. And I'm here today to
2 request a Committee assignment for this project.

3 CHAIRPERSON PFANNENSTIEL: Thank you.
4 We have a proposed assignment of Commissioners
5 Byron as the Presiding Member, and Boyd as the
6 Associate Member. Is there discussion or
7 questions?

8 COMMISSIONER BOYD: I can understand
9 punishing Jeffrey, as the new person, to go to El
10 Centro in the summertime. But I thought I was
11 above that, but --

12 (Laughter.)

13 COMMISSIONER BYRON: I look forward to
14 working with you.

15 COMMISSIONER BOYD: I did accept this in
16 advance; this is not a surprise.

17 COMMISSIONER GEESMAN: I'll move the
18 recommendation with the observation that the
19 Blythe Committee, which I presided on, workshop in
20 Blythe last August 1st. And it's a delightful
21 time of year to visit that part of the state.

22 COMMISSIONER BOYD: Well, I'm also Chair
23 of the Nyland Committee, which is down the street
24 from El Centro, so --

25 CHAIRPERSON PFANNENSTIEL: You might as

1 well just move there for the summer --

2 COMMISSIONER BOYD: -- I'm going to
3 spend some time down there, I think.

4 COMMISSIONER BYRON: And I'll join you
5 at Nyland.

6 (Laughter.)

7 CHAIRPERSON PFANNENSTIEL: Well, I guess
8 I need to second.

9 All in favor?

10 (Ayes.)

11 CHAIRPERSON PFANNENSTIEL: So that
12 Committee assignment is done.

13 Now, for the remainder of Committee
14 assignments, possible discussion and approval of
15 revised Committee assignments. And Mr. Tutt is
16 going to walk us through that recommendation.

17 MR. TUTT: Thank you, Madam Chair. Good
18 morning, Commissioners. The item you have before
19 you is two orders for your adoption. And they
20 change the membership of the Policy and the Siting
21 Committees at the Commission.

22 This change of membership is necessary
23 because you have a new Chair, and you have a new
24 Commissioner. There are no changes to the duties
25 or responsibilities or makeup in terms of policy

1 of the Committees, just membership.

2 And it also includes the recognition of
3 the just-named summer down-south Committee and El
4 Centro.

5 CHAIRPERSON PFANNENSTIEL: Thank you.
6 Are there questions or discussion of this? This
7 has been circulated among the Commissioners in
8 advance.

9 So, do we have a motion for that?

10 COMMISSIONER BOYD: Move approval.

11 COMMISSIONER GEESMAN: Second.

12 CHAIRPERSON PFANNENSTIEL: In favor?

13 (Ayes.)

14 CHAIRPERSON PFANNENSTIEL: Number 26,
15 possible approval of a petition to increase the
16 volatile organic compound emissions limits and
17 change the equipment description for the emergency
18 diesel generator. Ms. Stone.

19 MS. STONE: Good morning, Commissioners.
20 I'm Donna Stone, compliance office in the siting
21 division.

22 And we received a petition from
23 Mountainview Power Company to increase the organic
24 compound emission limits in the existing license
25 from 1.4 parts per million volumetric dry to 2.0

1 parts per million volumetric dry.

2 Mountainview Power Company will provide
3 the additional emission reduction credits to fully
4 offset the proposed emission increase, while still
5 being within the BACT limits for the South Coast
6 Air Quality Management District. The South Coast
7 Air Management District has approved this request,
8 also.

9 Their second request is to change the
10 equipment description for the diesel emergency
11 generator to the manufacturer and model number
12 currently installed at the power plant. These
13 modifications will result in the need to revise
14 air quality conditions of certification AQ-11 and
15 AQ-12, and will require the deletion of condition
16 air quality-19.

17 Late yesterday we put out an errata to
18 the staff analysis to clean up two minor issues
19 that Mountainview brought up to us. First,
20 install engine will not be used for black start
21 operations, but rather just for general emergency
22 power.

23 Mountainview requests that all
24 references in the analysis to a black start engine
25 be changed to emergency generator.

1 In the second cleanup item here is in
2 one of the sections of the analysis, the original
3 generator power rating of 59 brake horsepower --
4 excuse me, 5900 brake horsepower was inadvertently
5 left in condition air quality-12.

6 Mountainview requests that this be
7 corrected to the new power rating of 2200 brake
8 horsepower which agrees with other sections of the
9 staff analysis.

10 Staff has reviewed both of these
11 requests and supports them.

12 I should mention that the new emergency
13 generator meets the EPA standards, as a smaller
14 generator puts out less emissions and also meets
15 South Coast standards.

16 Are there any questions?

17 CHAIRPERSON PFANNENSTIEL: Commissioner
18 Geesman.

19 COMMISSIONER GEESMAN: First question is
20 any public comment on this --

21 MS. STONE: No, none at all.

22 COMMISSIONER GEESMAN: Second question
23 is a legal question. Do the two changes in the
24 errata rise to a level of significance that puts
25 us through a new notice process? Or are they

1 considered things that we can accommodate today?

2 MR. CHAMBERLAIN: I'm deferring to Paul
3 Kramer, who generally handles this area.

4 MR. KRAMER: Air quality staff assures
5 me that these are very minor revisions, and I
6 wouldn't think it would require a re-noticing.

7 COMMISSIONER GEESMAN: I'll move
8 approval.

9 COMMISSIONER BOYD: Second.

10 CHAIRPERSON PFANNENSTIEL: All in favor?
11 (Ayes.)

12 COMMISSIONER BYRON: I'm going to ask a
13 quick question on this, --

14 CHAIRPERSON PFANNENSTIEL: Of course.

15 COMMISSIONER BYRON: -- Ms. Wilson --
16 Ms. Stone, I'm sorry. Is this an extraordinary
17 kind of change for us? Or can you give me a
18 little context for this?

19 MS. STONE: No, this is a fairly typical
20 change. I should mention, for your background, a
21 new power company has had four different parent
22 companies since going through the licensing --

23 COMMISSIONER BYRON: Right, I'm familiar
24 with that.

25 MS. STONE: -- the process. And their

1 continuous emissions monitoring system results
2 reflected the results that there's no way they
3 could have met the lower emissions that had been
4 requested by one of the other companies. And
5 that's why they were requesting higher emission
6 limits.

7 This is pretty typical in the first year
8 of operations.

9 COMMISSIONER BYRON: Okay. Good. Thank
10 you.

11 COMMISSIONER GEESMAN: And in your
12 capacity on the Siting Committee you'll see a lot
13 of them before they ever --

14 MS. STONE: Yeah.

15 COMMISSIONER GEESMAN: -- come to the
16 Commission.

17 MS. STONE: Thank you.

18 CHAIRPERSON PFANNENSTIEL: Thank you. A
19 motion to approve the minutes of the June 7th
20 business meeting?

21 COMMISSIONER BOYD: So approved.

22 COMMISSIONER GEESMAN: Second.

23 CHAIRPERSON PFANNENSTIEL: All in favor?

24 (Ayes.)

25 CHAIRPERSON PFANNENSTIEL: Abstentions?

1 One. Thank you.

2 Commission Committee presentations or
3 discussion. Is there anything to raise today?

4 COMMISSIONER BOYD: Thank you, Madam
5 Chair. I raise a couple of issues. Yesterday, on
6 very short notice, I attended a meeting of the
7 State Board of Agriculture, which was to receive
8 an in-depth briefing on climate change, and then
9 on biofuels, which proved to be actually quite
10 interesting. Interesting seeing a different group
11 of folks coming up to speed on the subject.

12 Of course, biofuels is of great interest
13 to the ag and farm community because of the
14 activity going on in the state.

15 Also in that context they wanted to hear
16 a little bit more about the recent state
17 delegation to Sweden where an MOU was executed
18 between the State of California and Sweden to
19 cooperate on biofuels, biogas in particular,
20 biofuels in a more general sense. It does nothing
21 to obligate this agency to do anything more than
22 it's doing now. It's kind of a more of hands-
23 across-the border.

24 But Sweden is doing very interesting
25 things with waste that we learned a couple years

1 from them they were doing. And the climate has
2 changed such that there's now a more direct
3 applicability to what they're doing to generate
4 biogas, biomethane, and even cellulosic ethanol
5 that will be of interest to the State of
6 California.

7 And as I think some of you know,
8 Secretaries Kawamura and Special Advisor Terry
9 Tamminen were to lead this delegation. Each had
10 to withdraw and it ended up, while I was going
11 anyway, I and Joe Desmond ended up being the
12 representatives.

13 And the Swedish government, having dealt
14 with us, this agency and myself, for a couple of
15 years, was very gracious and insistent that we be
16 co-signers to this MOU. So that did take place.

17 It will be helpful to us; seemingly very
18 helpful to Sweden, a nation of 90 million people
19 dealing with a nation-state of 36 million people,
20 has become very significant to them in terms of
21 exchanging knowledge and information about those
22 kinds of activities.

23 They do a lot of very interesting things
24 that I wish our waste people here would do; and
25 perhaps, as a result of this relationship, we'll

1 learn a little bit more of what can be done.

2 But this will definitely help fuel,
3 pardon the pun, the bioenergy, biofuels activities
4 that we're engaged in now. So, it was very
5 rewarding. And there were representatives of the
6 dairy industry and the cheese-producing industry.
7 In fact, Hillmark Cheese, I guess the largest
8 cheese producer, certainly in the United States,
9 and Pacific Ethanol. And they all came back
10 enthused over what they saw, and were already
11 discussing a project with the Hillmark Cheese
12 people that could result in some additional
13 demonstration of these activities.

14 So, anyway, it proved to be a beneficial
15 experience for us, as a state, and for the Swedish
16 people. And our Department of Food and
17 Agriculture is very motivated now to participate
18 in this effort.

19 CHAIRPERSON PFANNENSTIEL: Thank you.
20 Chief Counsel report, Mr. Chamberlain.

21 MR. CHAMBERLAIN: Thank you, Chairman.
22 During my career I've had relatively few
23 communications from the United States Supreme
24 Court. But last week I received certainly the
25 most satisfying one that I've had in the last 23

1 years, indicating that cert was denied in the Air
2 Conditioning and Refrigeration Institute case.
3 Thus completing the litigation over the
4 Commission's database, appliance database, in a
5 way that allows the Commission to continue to have
6 that database.

7 We are following the much slower process
8 of the courts sort of providing the information
9 back to each other. And it may be a few more days
10 before the injunction that was initially put in
11 place has been lifted.

12 But we have already begun to receive
13 communications from the appliance industry both
14 congratulating the Commission for its victory, and
15 also making suggestions for -- construction
16 suggestions for how we might proceed into the
17 future to lessen the burdens on them while still
18 accomplishing our needs.

19 CHAIRPERSON PFANNENSTIEL: Thank you.
20 And congratulations to you and Jonathan Blees, and
21 the rest of that team. I know that was really
22 supreme work. I think that we kept knowing that
23 we had truth and justice on our side, but we kept
24 having to prove it over and over again.

25 So, I'm delighting that the U.S. Supreme

1 Court vindicated us.

2 MR. CHAMBERLAIN: It was very satisfying
3 work to do, I can tell you that.

4 On a somewhat more routine matter, but
5 equally important -- perhaps not equally, but
6 important certainly to our Secretariat. She has
7 asked me a reasonable question that really doesn't
8 have a legal answer to it. And so I'm going to
9 share with you the advice that I propose to give
10 her through an email that I've just written.

11 And this has to do with the question
12 whether, when resolutions of the Commission can
13 simply be signed by the Chair, and when they
14 should have the signatures of all members. There
15 are no statutes or regulations that deal with this
16 that I'm aware of.

17 And I propose that the Commission not
18 have to sign -- not every Commissioner has to sign
19 most routine matters. So, for example,
20 resolutions that commemorate the granting of a
21 contract, and most -- or the assignment of a
22 Committee; matters that occur during the course of
23 a case that the Commission deals with I think can
24 normally be signed by the Chair.

25 However, decisions of the Commission in

1 siting cases or to adopt regulations, particularly
2 if there seems to be a possibility of judicial
3 review of those decisions, I think should have the
4 signature of each Commissioner.

5 And if there are dissenting votes on a
6 matter, I think there ought to be a resolution
7 that has the signature of each Commissioner.

8 But otherwise I think she should feel
9 free to simply have a resolution by the Chair. If
10 that's satisfactory with you, that's the advice
11 I'll give her.

12 CHAIRPERSON PFANNENSTIEL: Any
13 discussion of that?

14 COMMISSIONER GEESMAN: I guess I'd be
15 concerned that a change from whatever our existing
16 practice is may prove to be more confusing and
17 confounding than simply carrying it forward. And
18 what I --

19 MR. CHAMBERLAIN: I think there is some
20 confusion about what our practice has been is the
21 problem.

22 COMMISSIONER GEESMAN: Is there an
23 ability to describe what our practice is? You've
24 defined something that you suggest would be
25 appropriate going forward. It sounds different

1 from what I've seen during the last several years.

2 And it sounds as if there are a number
3 of judgment calls that would need to be made in
4 determining which category a different resolution
5 fits into.

6 MR. CHAMBERLAIN: Well, I have also
7 indicated in the email, that, of course, I and
8 Jonathan Bles, would be available to the
9 Secretariat to try and help her make those
10 judgment calls.

11 If you prefer to have this handled on a
12 case-by-case basis, and supervised by the
13 Management Committee or something, we could do it
14 that --

15 COMMISSIONER GEESMAN: No, I don't think
16 I have a preference. I'm just somewhat resistant
17 to change. If it can be clearly identified what
18 we're changing from, what we're changing to, and
19 how we're going to administer that change.

20 CHAIRPERSON PFANNENSTIEL: Well, it may
21 be overstating the current situation, but I
22 believe that the current situation can be
23 described more or less as ad hoc.

24 COMMISSIONER GEESMAN: Is that right?

25 CHAIRPERSON PFANNENSTIEL: I think that

1 that's the case. That the times when all
2 Commissioners are asked to sign, although I have
3 not been doing it very long --

4 COMMISSIONER GEESMAN: I have no idea
5 what triggers that.

6 CHAIRPERSON PFANNENSTIEL: I don't,
7 either. And I think the point is that it's just
8 sort of whoever prepares the resolutions for
9 signature it might be.

10 And so what I believe Mr. Chamberlain is
11 proposing is, in fact, a process that really
12 doesn't exist at the moment.

13 COMMISSIONER GEESMAN: Can it be briefly
14 put in writing?

15 MR. CHAMBERLAIN: Certainly.

16 COMMISSIONER GEESMAN: That might help.

17 CHAIRPERSON PFANNENSTIEL: Yeah, a good
18 idea.

19 MR. CHAMBERLAIN: I have done so. I
20 just described the email that I was sending.

21 COMMISSIONER GEESMAN: Okay.

22 CHAIRPERSON PFANNENSTIEL: That's fine.
23 So we'll take a look at it. I think that we can
24 assume that we'll go forward with that, but we'll
25 all look at it and let you know.

1 MR. CHAMBERLAIN: I'll copy each of you.

2 CHAIRPERSON PFANNENSTIEL: Thank you.

3 EXECUTIVE DIRECTOR BLEVINS: Madam

4 Chair, I just had a quick question of Mr.

5 Chamberlain relative --

6 CHAIRPERSON PFANNENSTIEL: Of course.

7 EXECUTIVE DIRECTOR BLEVINS: -- to his
8 list. I assume major policy reports, reports to
9 the Legislature, would those be items that we'd
10 expect the full Commission to sign?

11 MR. CHAMBERLAIN: I think that would be
12 a good idea. I will add that.

13 EXECUTIVE DIRECTOR BLEVINS: Okay.

14 COMMISSIONER BOYD: And maybe you might
15 want to memorialize this in a memo to the
16 Commissioners, rather than your informal email.
17 And maybe Mr. Blevins can think of a few other
18 things that trickle through once in awhile, so it
19 covers the whole gamut once and for all.

20 MR. CHAMBERLAIN: Okay, I'll do it that
21 way.

22 CHAIRPERSON PFANNENSTIEL: That's fine.
23 Anything else, Mr. Chamberlain?

24 MR. CHAMBERLAIN: Not today, thank you.

25 CHAIRPERSON PFANNENSTIEL: Mr. Blevins.

1 EXECUTIVE DIRECTOR BLEVINS: Briefly, a
2 few items. In conjunction with the staff work
3 that's going on between the ARB and the CEC on AB-
4 1007 report, the Air Resources Board has indicated
5 its desire to contribute \$100,000 to the effort
6 there.

7 That money is likely to be used for the
8 full field cycle analysis portion of the report.
9 This transfer would be effected through an
10 interagency agreement.

11 From the Air Board standpoint it's
12 important this agreement be executed, if it's
13 going forth, be executed by tomorrow. I'm letting
14 the Commission know that it's my intention to, in
15 fact, sign that agreement. And then the agreement
16 will be brought back to the Commission for its
17 ratification as soon as we can schedule it on a
18 business meeting.

19 COMMISSIONER BOYD: Something to do with
20 income -- available dollars before the year runs
21 out, I trust?

22 EXECUTIVE DIRECTOR BLEVINS: Yes, sir.

23 COMMISSIONER BOYD: Well, we welcome the
24 participation of the money, certainly.

25 EXECUTIVE DIRECTOR BLEVINS: The second

1 brief item is that we are getting to the point
2 where we're getting legislative outcomes. The
3 slot Legislative Director's report is on the
4 agenda here biweekly. And so I just want to let
5 you know that probably on July 19th I'm going to
6 ask Mr. Smith to come and present a report to the
7 Commission in terms of where some of those
8 legislative outcomes are falling.

9 And then finally, we have a budget out
10 of the Legislature. I will send you a one page
11 that summarizes the budget as presented, in terms
12 of its specific effects on the Commission's
13 budget.

14 I guess, as an Executive Director, I'm
15 remembering all the things that we didn't get,
16 versus all the things that we did get. And I
17 would just point out two items.

18 One, we did ask for some positions and
19 money associated with further climate change
20 research, which the Legislature did not provide.

21 And second, there has been ongoing
22 discussion relative to future PIER funding for the
23 coming fiscal year. And that has now become a
24 component of discussion relative to the
25 reauthorization of the PIER program.

1 The sense is that the Legislature is
2 looking for some more specific categories of
3 funding based on policy needs. There was a debate
4 in the Conference Committee with regard to whether
5 or not all funding for that program in the coming
6 year should be held back until January 1, 2007.
7 We persuaded them that we needed full 12-month
8 administrative funding for the program, so they
9 did agree to that.

10 But they are not -- they're going to
11 take up the funding for -- or they're recommending
12 that no funding be made out of this coming fiscal
13 year's budget for the PIER program until January
14 1, 2007. And we will look for some future,
15 pending some future guidance in the
16 reauthorization bill in terms of how those moneys
17 are to be spent in categories from this point
18 forward in time.

19 And that concludes my report.

20 CHAIRPERSON PFANNENSTIEL: Thank you.
21 Questions of the Executive Director? None. And
22 that was the Leg Director report, also.

23 EXECUTIVE DIRECTOR BLEVINS: A little
24 bit of it, yeah.

25 CHAIRPERSON PFANNENSTIEL: Public

1 Adviser report.

2 MR. BARTSCH: Madam Chair, Members, Nick
3 Bartsch here representing Margret Kim. We have
4 nothing new to report. Thank you.

5 CHAIRPERSON PFANNENSTIEL: Thank you.
6 Public comment. Is there any public comment
7 today?

8 Hearing none, we'll be adjourned. Thank
9 you.

10 (Whereupon, at 11:34 a.m., the business
11 meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Business Meeting; that it was
thereafter transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
meeting, nor in any way interested in outcome of
said meeting.

IN WITNESS WHEREOF, I have hereunto set
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